

## **FROEHLICH FINANCIAL GROUP LTD**

900 Highway 71

Spring Lake Heights, NJ 07762

A New Jersey Registered Advisory Firm<sup>1</sup>

### **FIRM BROCHURE, MARCH 2017**

This brochure provides information about the qualifications and business practices of Froehlich Financial Group, LTD (“Froehlich Financial”). If you have any questions about the content of this brochure, please contact us at (732) 974-3770 and/or [www.froehlichfinancial.com](http://www.froehlichfinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Froehlich Financial is available on the SEC’s website at [www.sec.gov](http://www.sec.gov).

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<sup>1</sup> SEC or State registration does not and should not imply any certain level of skill or training.

Froehlich Financial Group, LTD (CRD#117840)

March 7, 2017

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### **MATERIAL CHANGES**

Froehlich Financial has not had any material changes to its business or personnel since the filing of its last Annual Amendment Brochure in 2016.

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#### **Item 4. Advisory Business**

Since April 2001, Froehlich Financial Group has been in business as a registered investment adviser committed to providing clients with customized wealth management solutions addressing any or all of their financial planning, investment management and/or employee benefit needs. Thomas C. Froehlich is the principal owner of Froehlich Financial Group, which had no assets under management at the time of this filing.

Prior to engaging Froehlich Financial Group to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Froehlich Financial Group setting forth the terms and conditions under which Froehlich Financial Group renders its services (collectively the "Agreement").

This disclosure brochure describes the business of Froehlich Financial Group. Certain sections will also describe the activities of Supervised Persons. Supervised Persons are any of Froehlich Financial Group's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees or any other person who provides investment advice on Froehlich Financial Group's behalf and is subject to Froehlich Financial Group's supervision or control.

*Financial Planning and Consulting Services:* Froehlich Financial Group may provide its clients with a broad range of comprehensive financial planning and consulting services, which may include non-investment related matters. These services generally address a multitude of retirement related matters, including retirement plan analysis, retirement income analysis, estate preservation, charitable giving and asset protection strategies. For clients who only require advice on a single aspect of their financial resources, Froehlich Financial Group's consulting services are generally more appropriate.

In performing its services, Froehlich Financial Group is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Froehlich Financial Group may recommend the services of itself, its Supervised Persons in their individual capacities as investment adviser representatives of another investment adviser, its Supervised Persons in their individual capacities as registered representatives of a broker-dealer, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Froehlich Financial Group recommends its own services or the services of its Supervised Persons in their individual capacities as investment adviser representatives or registered representatives of another firm.

The client is under no obligation to act upon any of the recommendations made by Froehlich Financial Group under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Froehlich Financial Group itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Froehlich Financial Group's recommendations. Clients are advised that it remains their responsibility to promptly notify Froehlich Financial Group if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Froehlich Financial Group's previous recommendations and/or services.

Wealth Management Solutions Froehlich Financial Group offers Wealth Management Solutions which provides non-discretionary, non-continuous investment recommendation and consulting services tailored to the client's objectives. As part of this service, Froehlich Financial Group gathers information about the client's financial objectives, investment goals, risk tolerance, and retirement plan time horizon and provides a recommended allocation of the client's assets. Froehlich Financial Group generally monitors clients' accounts on a quarterly basis through receipt of duplicate account statements or the ability to view the account through the firm's Wealth Management Solutions software. Froehlich Financial Group provides clients with their own website and a secure vault through which certain information is accessible. Froehlich Financial Group may also utilize the vault to obtain information from the client necessary for recommendations and/or financial planning. The firm offers suggested changes to the current allocation as appropriate. The client is free to accept or reject any recommendations made by Froehlich Financial Group and is solely responsible for implementing any trades.

Asset Management Services: While Froehlich Financial Group may provide clients with ongoing investment management services on a discretionary and/or non-discretionary basis, the firm generally recommends the investment management services of its Supervised Persons in their individual capacities as investment adviser representatives of American Portfolios Advisors, Inc. ("APA").

Froehlich Financial Group primarily allocates clients' investment management assets through the use of mutual funds, exchange-traded funds (ETFs), and Independent Managers (as defined below). Froehlich Financial Group also provides advice about any type of investment otherwise held in clients' portfolios.

Froehlich Financial Group tailors its advisory services to the individual needs of clients. Froehlich Financial Group consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. Froehlich Financial Group ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance. Clients are advised to promptly notify Froehlich Financial Group if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Froehlich Financial Group's management services.

Use of Independent Managers: As mentioned above, Froehlich Financial Group generally recommends that clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("Independent Managers"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the Independent Managers are set forth in a separate written agreement between Froehlich Financial Group or the client and the designated Independent Managers. Froehlich Financial Group renders services to the client relative to the nondiscretionary recommendation of Independent Managers. Froehlich Financial Group also monitors and reviews the account performance and the client's investment objectives. Froehlich Financial Group receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Managers.

When recommending an Independent Manager for a client, Froehlich Financial Group reviews information about the Independent Manager such as its disclosure statement and/or material supplied by the Independent Manager or independent third parties for a description of the Independent Manager's investment strategies, past performance and risk results to the extent available. Factors that Froehlich Financial Group considers in recommending an Independent Manager include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Managers, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, Froehlich Financial Group's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by Froehlich Financial Group, the designated Independent Managers, and corresponding broker-dealer and custodian.

In addition to Froehlich Financial Group's written disclosure statement, the client also receives the written disclosure statement of the designated Independent Managers. Certain Independent Managers may impose more restrictive account requirements and varying billing practices than Froehlich Financial Group. In such instances, Froehlich Financial Group may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

If Froehlich Financial Group refers a client to an Independent Manager where Froehlich Financial Group's compensation is included in the advisory fee charged by such Independent Manager and the client engages the Independent Manager, Froehlich Financial Group shall be compensated for its services by receipt of a fee to be paid directly by the Independent Manager to Froehlich Financial Group in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, and any corresponding state securities laws, rules, regulations, or requirements. Any such fee is paid solely from the Independent Manager's investment management fee, and does not result in any additional charge to the client.

*Additions and Withdrawals to Accounts:* Clients may make additions to and withdrawals from their account at any time, subject to Froehlich Financial Group's right to terminate an account. Clients may withdraw account assets on notice to Froehlich Financial Group, subject to the usual and customary securities settlement procedures. However, Froehlich Financial Group designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives.

## **Item 5. Fees and Compensation**

Froehlich Financial Group offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management. Alternatively, certain of Froehlich Financial Group's Supervised Persons may offer securities brokerage services and insurance products under a commission arrangement.

*Financial Planning and Consulting Fees:* Froehlich Financial Group may charge a fixed fee and/or hourly fee for financial planning and consulting services. These fees are negotiable, but generally range from \$500 to \$25,000 on a fixed fee basis and/or \$250 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages Froehlich Financial Group for additional investment advisory services, Froehlich Financial Group may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging Froehlich Financial Group to provide financial planning and/or consulting services, the client is required to enter into a written agreement with Froehlich Financial Group setting forth the terms and conditions of the engagement. Generally, Froehlich Financial Group requires one-half of the financial planning / consulting fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

*Wealth Management Solutions Fee:* For its Wealth Management Solutions, Froehlich Financial Group may charge a fixed fee and/or hourly fee. As with financial planning and consulting fees, the fees for Wealth Management Solutions are negotiable. Froehlich Financial Group generally charges \$250/hour or an annual fixed fee of \$500 to \$25,000. For hourly fees, Froehlich Financial Group generally requires one-half of the Wealth Management Solutions fee (estimated hourly) payable upon entering the written agreement with the balance due upon completion of the services. For annual fixed fees, the fee is assessed quarterly and payable in advance.

*Investment Management Fee:* Froehlich Financial Group provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by Froehlich Financial Group. Froehlich Financial Group's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Froehlich Financial Group does not, however, receive any portion of these commissions, fees, and costs.

Froehlich Financial Group's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter or a prorated fixed fee. For asset based fees, the annual fee varies (between 0.25% and 1.50%) depending upon the market value of the assets under management and the type of investment management services to be rendered. For fixed fee engagements, Froehlich Financial Group generally charges an annual fee ranging from \$500 to \$25,000.

Fee Discretion: Froehlich Financial Group, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, pro bono activities, etc.).

Fees Charged by Financial Institutions: As further discussed in response to Item 12 (below), Froehlich Financial Group generally recommends that clients utilize the brokerage and clearing services of Pershing, LLC through Pershing Advisor Solutions (“Pershing”) for investment management accounts.

Froehlich Financial Group may only implement its investment management recommendations after the client has arranged for and furnished Froehlich Financial Group with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, Pershing, any other broker-dealer recommended by Froehlich Financial Group, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the “Financial Institutions”).

Clients may incur certain charges imposed by the Financial Institutions and other third parties such as fees charged by Independent Managers (as defined below), custodial fees, charges imposed directly by a mutual fund or ETF in the account, which shall be disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Froehlich Financial Group’s fee.

Fee Debit: Froehlich Financial Group’s Agreement and the separate agreement with any Financial Institutions may authorize Froehlich Financial Group or Independent Managers to debit the client’s account for the amount of Froehlich Financial Group’s fee and to directly remit that management fee to Froehlich Financial Group or the Independent Managers. Any Financial Institutions recommended by Froehlich Financial Group have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Froehlich Financial Group. Alternatively, clients may elect to have Froehlich Financial Group send an invoice for payment.

Fees for Management During Partial Quarters of Service: For the initial period of investment management services, the fees shall be calculated on a pro rata basis. The Agreement between Froehlich Financial Group and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement.

Froehlich Financial Group’s fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate. Additions may be in cash or securities provided that Froehlich Financial Group reserves the right to liquidate any transferred securities or decline to accept particular securities into a client’s account. Froehlich Financial Group may consult



with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications. If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

*Commissions or Sales Charges for Recommendations of Securities:* Clients can engage certain persons associated with Froehlich Financial Group (but not Froehlich Financial Group) to render securities brokerage services under a commission arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Froehlich Financial Group.

Under this arrangement, clients may implement securities transactions through certain of Froehlich Financial Group's Supervised Persons in their respective individual capacities as registered representatives of American Portfolios Financial Services, Inc. ("APFS"), an SEC registered broker-dealer and member of FINRA. APFS may charge brokerage commissions to effect these securities transactions and thereafter, a portion of these commissions may be paid by APFS to such Supervised Persons. Prior to effecting any transactions clients are required to enter into a new account agreement with APFS. The brokerage commissions charged by APFS may be higher or lower than those charged by other broker-dealers. In addition, certain of Froehlich Financial Group's Supervised Persons may also receive ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment.

A conflict of interest exists to the extent that Froehlich Financial Group recommends the purchase of securities where Froehlich Financial Group's Supervised Persons receive commissions or other additional compensation as a result of Froehlich Financial Group's recommendations. Froehlich Financial Group has procedures in place to ensure that any recommendations made by such Supervised Persons are in the best interest of clients.

For accounts covered by ERISA (and such others that Froehlich Financial Group, in its sole discretion deems appropriate), Froehlich Financial Group provides its investment advisory services on a fee-offset basis. In this scenario, Froehlich Financial Group may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by Froehlich Financial Group's Supervised Persons in their individual capacities as registered representatives of APFS

## **Item 6. Performance-Based Fees and Side-by-Side Management**

Froehlich Financial Group does not provide any services for performance-based fees. Performance based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

## **7. Types of Clients**

Froehlich Financial Group provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities. Minimum Account Size As a condition for starting and maintaining a relationship, Froehlich Financial Group generally imposes a minimum portfolio size of \$250,000.

Froehlich Financial Group, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities. Froehlich Financial Group shall only accept clients with less than the minimum portfolio size if, in the sole opinion of Froehlich Financial Group, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. Froehlich Financial Group may aggregate the portfolios of family members to meet the minimum portfolio size. Additionally, certain Independent Managers may impose more restrictive account requirements and varying billing practices than Froehlich Financial Group. In such instances, Froehlich Financial Group may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

## **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

*Methods of Analysis:* Froehlich Financial Group's primary method of analysis is fundamental. Fundamental analysis involves the fundamental financial condition and competitive position of a company. Froehlich Financial Group will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

*Investment Strategy:* As discussed in response to Item 4, Froehlich Financial Group generally recommends the services of its Supervised Persons in their capacities as investment adviser representatives of APA for investment management services. Where Froehlich Financial Group is directly managing client assets, the firm primarily allocates the assets among one or more Independent Managers. Froehlich Financial Group's role is to understand the individual client's risk tolerance, goals, and objectives, and recommend managers that the firm believes are able to implement strategies consistent with the client's goals. In a small percentage of portfolios, Froehlich Financial Group may directly invest the client's portfolio in mutual funds, ETFs, and/or individual equities.

*Risk of Loss:* An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual funds and ETFs are subject to secondary market trading risks. Shares of mutual funds and ETFs will be listed for trading on an exchange, however, there can be no guarantee that an active trading market for such shares will develop or continue. There can be no guarantee that a mutual funds' and ETFs' exchange listing or ability to trade its shares will continue or remain unchanged. Shares of the mutual fund or ETF may trade on an exchange at prices at, above or below their most recent net asset valuation (NAV), which is the price that an investor would buy or sell the mutual fund or ETF at. The per share NAV of a mutual fund or ETF is calculated at the end of each business day, and fluctuates with changes in the market value of the mutual fund's or ETF's holdings. The trading prices of a mutual fund's or ETF's shares may differ significantly from NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's ETF's shares trading at a premium or discount to NAV.

*Use of Independent Managers:* Froehlich Financial Group may recommend the use of Independent Managers for certain clients. Froehlich Financial Group will continue to do ongoing due diligence of such managers, but the such recommendations relies, to a great extent, on the Independent Managers ability to successfully implement their investment strategy. In addition, Froehlich Financial Group does not have the ability to supervise the Independent Managers on a day-to-day basis, if at all.

General Risk of Loss Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

### **Item 9. Disciplinary Information**

Froehlich Financial Group is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Froehlich Financial Group does not have any required disclosures to this Item.

### **Item 10. Other Financial Industry Activities and Affiliations**

Froehlich Financial Group is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Froehlich Financial Group has described such relationships and arrangements below.

*Registered Representatives of Broker Dealer:* As discussed above in Item 5, certain of Froehlich Financial Group's Supervised Persons are registered representatives of APFS.

*Affiliation with Other Investment Adviser:* Certain of Froehlich Financial Group's Supervised Persons, in their individual capacities, are also investment adviser representatives with APA, and in such capacity, may recommend, on a fully-disclosed basis, the investment advisory services of APA. A conflict of interest exists to the extent that Froehlich Financial Group recommends APA's investment advisory services where Froehlich Financial Group's Supervised Persons receive a portion of the investment advisory fees or other additional compensation.

*Related Consulting Firm:* The principal of Froehlich Financial Group, Thomas Froehlich, is also the principal executive officer of American Executive Benefits, Inc., which helps business owners and

other professionals design and implement executive benefits plans. Froehlich Financial Group does not anticipate that this relationship will pose any potential for conflict of interest with its clients.

*Receipt of Insurance Commission* Certain of Froehlich Financial Group's Supervised Persons, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While Froehlich Financial Group does not sell such insurance products to its investment advisory clients, Froehlich Financial Group does permit its Supervised Persons, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that Froehlich Financial Group recommends the purchase of insurance products where Froehlich Financial Group's Supervised Persons receive insurance commissions or other additional compensation.

### **Item 11. Code of Ethics**

Froehlich Financial Group has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. Froehlich Financial Group's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of Froehlich Financial Group's personnel (called "Access Persons") to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, Froehlich Financial Group Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a manner consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by Access Persons to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client where there may be a potential for conflict, no Access Person may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household as the Access Person) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Access Person is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares

issued by unit investment trusts that are invested exclusively in one or more mutual funds. Clients and prospective clients may contact Froehlich Financial Group to request a copy of its Code of Ethics

### **Item 12. Brokerage Practices**

As discussed above, in Item 5, Froehlich Financial Group generally recommends that clients utilize the brokerage and clearing services of Pershing.

Factors which Froehlich Financial Group considers in recommending Pershing or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Pershing enables Froehlich Financial Group to obtain many mutual funds without transaction charges and other securities at nominal transaction charges.

The commissions and/or transaction fees charged by Pershing may be higher or lower than those charged by other Financial Institutions. The commissions paid by Froehlich Financial Group's clients comply with Froehlich Financial Group's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Froehlich Financial Group determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness.

Froehlich Financial Group seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions. Froehlich Financial Group periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution. The client may direct Froehlich Financial Group in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution, and Froehlich Financial Group will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by Froehlich Financial Group (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Froehlich Financial Group may decline a client's request to direct brokerage if, in Froehlich Financial Group's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Transactions for each client generally will be effected independently, unless Froehlich Financial Group decides to purchase or sell the same securities for several clients at approximately the same time. Froehlich Financial Group may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Froehlich Financial Group's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure,

transactions will generally be averaged as to price and allocated among Froehlich Financial Group's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Froehlich Financial Group determines to aggregate client orders for the purchase or sale of securities, including securities in which Froehlich Financial Group's Supervised Persons may invest, Froehlich Financial Group shall generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Froehlich Financial Group shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that Froehlich Financial Group determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, Froehlich Financial Group may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker dealers in return for investment research products and/or services which assist Froehlich Financial Group in its investment decision-making process. Such research generally will be used to service all of Froehlich Financial Group's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Froehlich Financial Group does not have to produce or pay for the products or services.

*Commissions or Sales Charges for Recommendations of Securities:* As discussed above, certain Supervised Persons in their respective individual capacities, are registered representatives of APFS. These Supervised Persons are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless APFS provides written consent. Therefore, clients are advised that certain Supervised Persons may be restricted to conducting securities transactions through APFS unless they first secure written consent from APFS to execute securities transactions through a different broker-dealer. Absent such written consent or separation from APFS, these Supervised Persons are prohibited from executing securities transactions through any broker-dealer other than APFS under APFS's internal supervisory policies. Froehlich Financial Group is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

### **Item 13. Review of Accounts**

*Account Reviews:* For those clients to whom Froehlich Financial Group provides investment management services, Froehlich Financial Group monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Froehlich Financial Group provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by the Principal of Froehlich Financial Group, Thomas Froehlich. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Froehlich Financial Group and to keep Froehlich Financial Group informed of any changes thereto. Froehlich Financial Group shall contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

*Account Statements and Reports:* Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Froehlich Financial Group provides investment advisory services will also receive a report from Froehlich Financial Group that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance as clients may request from time to time. Clients should compare the account statements they receive from their custodian with those they receive from Froehlich Financial Group. Those clients to whom Froehlich Financial Group provides financial planning, consulting services, and/or Wealth Management Solutions will receive reports from Froehlich Financial Group summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by Froehlich Financial Group.

### **Item 14. Client Referrals and Other Compensation**

Froehlich Financial Group is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, Froehlich Financial Group is required to disclose any direct or indirect compensation that it provides for client referrals. Froehlich Financial Group does not have any required disclosures to this Item.

### **Item 15. Custody**

Froehlich Financial Group’s Agreement and/or the separate agreement with any Financial Institution may authorize Froehlich Financial Group through such Financial Institution to debit the client’s account for the amount of Froehlich Financial Group’s fee and to directly remit that management fee to Froehlich Financial Group in accordance with applicable custody rules. The Financial Institutions recommended by Froehlich Financial Group have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Froehlich Financial Group. In addition, as discussed in Item 13, Froehlich Financial Group also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Froehlich Financial Group

### **Item 16. Investment Discretion**

Froehlich Financial Group may be given the authority to exercise discretion on behalf of clients. Froehlich Financial Group is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Froehlich Financial Group is given this authority through a power-of-attorney included in the agreement between Froehlich Financial Group and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Froehlich Financial Group takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.

### **Item 17. Voting Client Securities**

Froehlich Financial Group does not accept the authority to vote client securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the number on the cover of this brochure with questions about proxies and/or other such solicitations.

### **Item 18. Financial Information**

Froehlich Financial Group is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$500 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.



**Item 19. Requirements for State Registered Investment Advisers**

*Principal Executive Officers and Management Persons:*

Below is the formal education and business background of each of Froehlich Financial Group's principal executive officers and management persons:

**Thomas Christopher Froehlich, CIMA, CIMC**

Born 1957

Recent Business Background:

Froehlich Financial Group, LTD, Principal, 01/1997- Present

American Portfolio Financial Services, Inc., Registered Representative, 05/2005 - Present

American Portfolio Advisors, Inc., Investment Adviser Representative, 05/2005 - Present

Mr. Froehlich does not have any post-secondary education to report